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RUEKJCS/SECDEF WASHINGTON DC
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C O N F I D E N T I A L ANKARA 006638

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USDOC FOR 4212/ITA/MAC/CPD/CRUSNAK
DOE FOR CHARLES WASHINGTON
EUR ALSO FOR MATT BRYZA
S/P FOR STEVE HELLMAN

E.O. 12958: DECL: 11/12/2016
TAGS: [ENRG](#) [EPET](#) [PREL](#) [TU](#) [GG](#) [AJ](#) [RS](#)
SUBJECT: NO DEAL YET ON GEORGIA GAS

REF: A. TBILISI 3211

- [1](#)B. BAKU 1807
- [1](#)C. ANKARA 6623
- [1](#)D. ANKARA 6569

Classified By: ECON/C TOM GOLDBERGER FOR REASONS 1.5 (B) AND (D)

[1](#)1. (C) From a Turkish perspective, the results of the December 8 meeting of energy ministers in Tbilisi looks much less like a "deal" than Georgian and Azeri officials are claiming (refs A-B). Our multiple readouts underscore that Turkey is willing to help Georgia with gas volumes in this winter's potential gas crisis, but, as we have noted, it continues to need an arrangement to offset the cost of postponing its expected receipt of Shah Deniz gas at cheaper contracted prices (Refs C-D). Minister Guler is not able to attend the follow-on meeting December 14 in Baku, because of a long-standing and oft-postponed visit to Israel. We understand technical experts from BOTAS and the Energy Ministry will attend. Our contacts expect that another higher level political meeting may be necessary to get to yes on a Georgia gas deal, especially if Georgia and Azerbaijan are not able to offer some equitable way of sharing the costs.

[1](#)2. (C) Minister Guler has made clear to us that for domestic political reasons Turkey cannot bear alone the cost of bailing Georgia out of its gas crisis, or for helping Azerbaijan and Georgia achieve independence from Gazprom while it remains dependent on the company. Given that both BOTAS and Shah Deniz have experienced significant delays in being ready to move gas in the BTE gas pipeline, discussion of penalties will not be fruitful for getting to a deal. Some sort of formula that shifts quantities into 2008 at currently contracted prices seems to be what Turkey needs. Both Consortium and GOT experts have told us this could be easily devised.

[1](#)3. (C) Guler believes that delaying receipt of gas over the winter is already a sacrifice given concerns about Turkey's

winter supplies, which are threatened by unreliable supplies from Iran and covered by high-priced supplies from Russian and via LNG (Ref A). Efforts to box Turkey in may risk delaying the deal, as well as delaying timely delivery of needed volumes to Georgia.

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